[Shri Murlidhar Chandrakant Bhandare]: recession and it would result in inflation, and it would be an era of stagflation. But nobody would have been happier than me if I were to be wrong. Unfortunately, there is a great industrial recession. Units after units are laying off men and unemployment is on the increase because of serious shortages. It happens particularly because of the squeeze on imports and credit policy. You cannot do it at the cost of the patient, I fully appreciate. Therefore, the second question is: When is the Minister proposing to relax this credit squeeze and also to improve the imports?

The third point is regarding exports. Devaluation has made exports cheaper and imports dearer. There has been some statement by the Commerce Minister but the picture is still hazy. I would like to know, from the Hon'ble Finance Minister though it is not his branch, whether we will be able to attain the targets that we have laid down for exports in various fields. Then I would like to know as to what steps have been taken to reduce inflation because even the seasonal fall in prices has not been as positive as it should have been. In fact, in November they fell down but again in December they have gone up. I am very much worried about this because ultimately inflation is the most cruel form of taxation on the poorest of the people. I would like to know we have luckily a record and a peak harvest whether we will unload all those food grains and also import in sufficient quantities so as to be available both in the public distribution system and in the open market.

What steps are being taken to reduce the inflation? The last thing which I would like to know is, there is an ugly rumour floating around and may I take this opportunity to invite the Finance Minister to scotch it once for all that 20 or more IMF representatives are working in the Finance Ministry to oversee implementation of the IMF conditionalities.

THE MINISTER OF FINANCE SHRI MANMOHAN SINGH: There is no truth in it.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I am only saying it so that they should be scotched. Therefore, I said that there is an ugly rumour. It has to be scotched somewhere. With this I would request the hon. Finance Minister to reply to the clarifications sought by me.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): The House stands adjourned for lunch for one hour till 2.36 p.m.

The House then adjourned for lunch at thirty-six minutes past one of the clock.

The House reassembled after lunch at thirty-eight minutes past two of the clock **The Vice-Chairman (Shri Bhaskar Annaji Masodkar)** in the Chair

CLARIFICATIONS ON THE STATEMENT MADE BY THE MINISTER RE MANAGEMENT OF ECONOMIC CRIRIS—*Contd.*

SHRI SANTOSH BAGRODIA: Mr. Vice-Chairman, Sir, at the outset I would like to congratulate our hon. Finance Minister for bringing out the statement on the management of economic crisis. I also congratulate him for taking bold decisions. But I believe he needs to take even bolder decisions. The statement is exhaustive and I am sure it must have taken weeks, if not months, for its preparation by the economists of the country. It is not a statement but a big document. I wish he had given the salient features of the statement in his speech. It would have helped us in seeking clarifications.

Since yesterday when he gave this statement, I have not done anything. believe me I am trying to study these documents. I am not able to refer to any papers. Based on that, I am trying to seek some clarifications.

Paragraph 2 of the enclosed statement—as he says—says: "Bringing

inflation under control and ensuring viability in the balance of payments". All these sound very good. But every day, we see that the price index is increasing. The Finance Minister has said that from 16.7% inflation, it has come down to 13.20% inflation—something of that kind. Now, I would like to know from the hon. Finance Minister as to what is his plan of action to bring this inflation rate to at least a single digit, if not to 5% or 6%. By when, can we expect this? Or can we expect that there will be no inflation at all? Can we expect that the prices will roll down to November. 1990 level at any time, whether in the coming six months or one year?

Paragraph 3 says: "The exchange rate was adjusted in July to a new level which would be credible". I fully agree that the exchange rate was not the right rate prevailing at that time. In spite of this change of exchange rate, the price of dollar in the open market, which we read in the papers also every day, has gone up to Rs. 36 or Rs. 37. What I am trying to impress upon the hon. Finance Minister is that before this exchange rate was adjusted, the difference between the official rate and the so-called *hawala* rate was about 20 to 25 per cent. Even now, it is 20 to 25 per cent higher. What does the Finance Minister plan to do? Does he intend to make it a convertible currency at any point of time?

Paragraph 4 says: "The fiscal deficit is reduced from 8.5 per cent of the GDP in 1990-91 to 6.5% of the GDP in 1991-92". I only wish him good luck to maintain this deficit which has been announced in the last Budget. Most of the things in the entire statement are about what we are going to achieve and not about what we have already achieved. These are only the policies. We can discuss about this, whether the achievement is result-oriented or not, only probably sometime next year. This reduction in deficit, I hope, will not be at the cost of development because from what we have noticed in the Plan allocation etc., this reduced fiscal deficit is due to the reduction in subsidies but not by increasing the revenues. Revenue is not increased substantially. What is the hon. Minister planning to do to increase the revenue substantially and also to reduce the inflation?

Paragraph 6 says: "...promoting of employment-oriented pattern of industrialisation". Again, this is a wonderful statement. I would like to know about the steps being planned by the hon. Minister because he has not elaborated anywhere to develop agro-based industries which are really employment-oriented. Here, I would like to mention one thing. When we compare the packing industries of jute and HDP jute industry is likely to be closed down very soon and HDP would become the order of the day in the country which will also add to the environmental problem. In 1992, probably Europe might not have HDP and India would be flooded with HDP. The entire world would dump the HDP in India and jute industry would be closed down. What is the Government or the hon. Finance Minister planning to do in this respect?

Paragraph 8 says: "In this background, the Government decided to mobilise additional external finances to provide temporary support... from the International Monetary Fund, World Bank, ADB...". I appreciate that from Rs. 2000 crores of foreign exchange reserves, we have come to Rs. 8000 crores. It might be increased to Rs. 10,000 crores and to Rs. 12,000 crores. But I hope he has made some plans about how we are going to pay back... This foreign exchange reserve has not increased by increased exports. Basically it has increased because of the loans which we have taken. Unless we use these loans for efficient use of further production of wealth in the country and also for exporting wealth, I would like to know from the honourable Minister how he

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plans to repay the loans which he is taking from all over the world.

Paragraph 10 says "restore international confidence". I am only making use of his words which are important because he will understand them immediately. This has been achieved. I fully appreciate it because international confidence was at the lowest and it was at the lowest not only because of the actual problem in the country; it was also because of the irresponsible statements made by the leaders of the earlier Government. But when we think of NRI foreign currency deposits, the interest rates we are offering to the NRIs are 50% higher than the international interest rates prevailing for that particular currency. For example, for dollars the international rate is 5% to 6%. We are offering $9^1/_2$%. And this was being offered only to NRIs and the inflow is not according to the estimates. I would like to know what the actual inflow was up to 5 to 6 days before, because he may not have the figures as of date, and what the expected inflow was. If the expected inflow was much higher, how does he plan? Does he intend to relax this to 'any' foreigner? If not, why not? It also says, "The rise in foreign exchange reserves has made it possible to relax the restrictions on imports which had to be imposed by the Reserve Bank of India." Does it mean that there will be no selective restrictions at all and it won't be as per the needs of the country, that the imports will be just freely allowed and in the process people can import luxury cars? These are the clarifications I want and our Commerce Minister is also here and if he has something in his mind, I would appreciate it if he could make the clarification.

Paragraph 11 says that the inflation rate which had reached 15.7% has now come down to 13.7%. I have already mentioned about it and I don't want to add any more on it.

Paragraph 14 says "reduction in interest rates". This again sounds wonderful. Actually the interest rates had gone up by 35 to 40%. Even today it is 21 or 24%. Even at that rate the industry or the investor is not getting enough funds. How does the honourable Minister plan that enough resources are available with the banks so that the interest rates can go down and funds are available for production use?

Then 15, "Turning to medium-term objectives" — I would like to know if he has any long-term objectives. If there are long-term objectives, for how many years are they and what are the long-term objectives of the honourable Minister?

In 19(2), (3), the honourable Minister plans to reduce the deficit to 5% of the GDP. I will only say, good luck to him. I don't want to go into the details. I don't think I will ask any questions on that particular point.

Paragraph 18 says, "Plan expenditure cannot depend as heavily as in the past on ever increasing Budget support for the Plan. In future the ability to finance Plan expenditure will depend critically upon the internal resources generated by the public sector". This is very alarming to me because he himself mentioned later on, "Nor can the budget afford a continual drain on account of perennially loss making public sector units." Now, what kind of a magic wand are you going to use to see that suddenly all the public sector units or the major PSUs will start generating internal resources? And if they do not, how do we have our Plan expenditure met? Does it mean that if the PSUs are not going to be generating resources...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): I would request you take up general points and ask your questions. If you refer to the statement para by para, then it will become a debate and you will go on getting doubts on every para.

SHRI SANTOSH BAGRODIA: You are absolutely right and I appreciate that normally we ask only short questions for

clarification. But as you see, this is not a statement; this is a document. As such since yesterday evening I have spent all my hours only to study this.

I could not even study it and I have not made any reference to any other thing because this itself is such an exhaustive thing. If you want me to justify, at least give me a few more minutes and I will try to finish as fast as possible.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Then do not refer to the paragraphs. You just ask for clarifications.

SHRI SANTOSH BAGRODIA: Yes, I will not refer to the paragraph numbers. Sir, he has said about promoting liberalisation in industries and the statement speaks of it. How does he introduce labour-intensive pattern of industrial development? Then, Sir, it also says that a copy of the report is being laid on the Table because, it appears, that this report has been made long before. But it has been laid only yesterday. Further, in a number of places it says, "The meeting will take place in September." or "The meeting will take place in October.", etc. But this is the month of December. It still says that the meeting will take place in September, in October, etc. He should clarify this.

SHRI MANMOHAN SINGH: Sir, the honourable Member should read it carefully. What he is referring to is only an annexure to the main thing and that is a letter sent in August.

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): Please look into the month of the letter, the date of the letter.

SHRI SANTOSH BAGRODIA: Sir, I think he has clarified it. I appreciate what he says.

Sir, scarcity of resources must be reflected in optimum efficiency, whether in the private sector or in the public sector. This is a very important point. So far, there has been a premium on inefficiency. I only want to know how he plans to do this even in the field of exports because I know that even for exports, exporters are not available because they are not sure whether the labour relations would be under control and whether they would not face any labour problem. Has he been able to co-ordinate with the other Ministries including that of Labour so that at least whatever is there will continue and there will not be any labour problem in the export-oriented industries? In this regard, he can ask for the complete support of the honourable Members and I offer my unquestioned and complete support to the honourable Minister for all his efforts.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): This is no clarification...

SHRI SANTOSH BAGRODIA: I am only asking for clarifications, Sir.

Sir, the Minister has said that the IMF has not put any condition and that we have not accepted any condition. But I would only like to quote the last sentence which says, "....but we will take any additional measures appropriate for the purpose. In addition, the Government will consult with the Fund on the adoption of any measures that may be appropriate in accordance with the policies of the Fund on such consultations." Sir, this sentence covers the entire world, covers the whole world! That is all that I would like to say.

DR. G. VIJAYA MOHAN REDDY (Andhra Pradesh): It is already covered.

SHRI SANTOSH BAGRODIA: He must clarify this. If he wants to clarify this, he is most welcome. But, if he does not, I will accept it as it is.

Now, I come to the last point and I refer to para 25 on page 7 which talks about the investment facilities given to

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the NRIs and foreigners. There is an investment of 50 billion, I understand, in China against which there is a trickle, just a billion or a few millions, in India! How does the Government plan really to attract investments, attract investors? Only by this kind of policies? Do you think that people will come forward? Do you think that more people will come or you will have to think of bringing them? It has been said that 51 per cent foreign equity is going to be allowed. It is not clear whether this is applicable to the existing units or to the new units only. I would like to request the Minister to restrict it to the new units and not to allow it for the existing units.

Thank you very much, Sir, for giving me this opportunity to seek clarifications. I think we should have a much longer debate on this.

SHRI ARANGIL SREEDHARAN (Kerala): In the lengthy statement that has been laid I was expecting the Finance Minister to give us indications about how he will meet the challenges and problems facing the country. Before I come to that I would like to answer the allegation that has been levelled against the Opposition. Hon. Mr. Kulkarni said that the Opposition is spreading a story that we have surrendered to the IMF. The hon. Member who spoke before me pointed out the last paragraph in the letter. Before that I would like to point out something. At a later stage the Government intends to enter into discussion on comprehensive medium term structural adjustment programme supported by the arrangement under the extended facility. I would like to seek a clarification from the Finance Minister. Discussion with whom? Discussion with Parliament of India? Discussion with the political parties of India? Or discussion with the International Monetary Fund? You are giving an assurance that we will discuss only with you. On the contrary, the Finance Minister should have said: We will discuss these policies only in our Government or we will discuss these policies with the Parliament of India, and not with them. The last paragraph says: "...any measures that may be appropriate in accordance with the policies of the Fund on such consultations". This letter is very beautifully drafted—drafted by bureaucrats. I can understand this. Mr. Manmohan Singh's document also comes from the ivory towers of bureaucrats. These clarifications I want. Otherwise I will conclude that it is an absolute, abject and shameful surrender to the IMF.

Second thing is that our economy is facing a crisis because of certain fundamental reasons. One is the management of the economy. Our economy has been mismanaged for the last five or seven Plans. Our deficit has been increasing. The first Plan's target was Rs. 290 crores. Actual was Rs. 330 crores. The Seventh Plan's target was Rs. 14,000 crores. The actual deficit was Rs. 34,132 crores. How has this deficit come about? This deficit has come about because of unbridled Government expenditure. In every sector it is happening. Have we curbed Government expenditure? Or the foreign jaunts of Ministers? Why these unnecessary Festivals abroad or all sorts of exhibitions abroad? You could have curbed Government expenditure by 25 per cent? I want a clarification from the Finance Minister on that.

Our agriculture is a fundamental factor in our economy. Without development in agricultural we cannot build up a strong economy. What measures does the Government propose to strengthen our agriculture? When my party was in power, it was the first time in the history of this country in 1977 when the Janata Government said that their primacy of planning would be agriculture. Today our agriculture entirely depends on the monsoon. What are you going to do about that? We are utterly helpless people. If one monsoon fails the Government fails. This is the situation in the country. What does the Government propose to do to liberate agriculture from

this type of vagaries of Nature. There are a lot of water disputes in this country. There was a plan to integrate all the rivers in India. The Government cannot plan. There is no mention of such things in this document. The document merely says that we have taken some money from the IMF and we have replenished our foreign exchange. How does it help the people of India?

Another thing that surprised us was this document says: Automatic permission will be given for foreign technology agreements in the list of industries referred to in item (i). What are the types of technologies that India needs? What India needs is not merely foreign technology. What India needs is appropriate technology. Our traditional industries are collapsing. How will they revive them under the appropriate technology.

3.00 P.M.

How will you sustain them with appropriate technology? You have not said anything about it. About the monopoly restrictive practices also, it is a decision taken politically to restrict monopoly. It is not merely economic, it is a political decision because if the monopolists develop and they fatten themselves, they will become a parallel Government in this country. And we have wiped out the socialist concepts brought about by the late Prime Minister Jawaharlal Nehru. You have wiped out the policies that were initiated during the freedom struggle. Increase in the domestic taxation has brought about a bottleneck in this country. How will you reduce the increase in domestic taxation? The people are groaning under that. What is your clarification on that? About black money, some sources say that one lakh crores of rupees are there in black money in this country. What will you do to unearth the black money? You have not clarified these things.

Finally, I would like to ask: What is your concept or what is your vision of resurrecting our economy, particularly in relation to these problems that I have raised—management of economy, agricultural dependence on monsoon, power shortage, increase in domestic taxation, existence of black money and speculative spending?

Thank you, Sir.

DR. G. VIJAYA MOHAN REDDY: Mr. Vice-Chairman, Sir, in my opinion, the Memorandum on Economic Policies goes against the Directive Principles of the Constitution. Article 39 (C) says "that the operation of the economic system does not result in concentration of wealth and means of production to the common detriment; the State shall within the limits of its economic capacity, make effective provision for securing the right to work, to secure participation of workers in the management." These are the Directive Principles. It is binding on every Government. And it is the duty of every Government to apply these Principles in the governance of the country. I do not know what the Finance Minister's opinion is on this particular matter.

Sir, the last two paras have been referred to by my previous speaker. It is not self-reliance but reliance on Reliance and the partners of Reliance. That is all. We have got more confidence in the international agencies or monopoly agencies to come and rescue us than the Indians.

Then, Sir, para 10 has been referred to. How much is from the borrowings and how much is from the earnings? How much international confidence have we restored through borrowings? I want to know that. After the devaluation of 20 to 22 per cent on 1st July and 3rd July, what is the perceptible increase in imports in dollar terms? Is it commensurate with the devaluation...

SHRI P. CHIDAMBARAM: I gave you the figures this morning.

DR. G. VIJAYA MOHAN REDDY: Maybe. But I am trying to ask whether it

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is commensurate in dollar terms because last time also, in 1971, there was devaluation, but there was no perceptible increase in exports.

SHRI P. CHIDAMBARAM: In the month of May, before we assumed office, it reached a negative growth rate in dollar terms. When we took-over, it was a negative growth rate, in the month of May, 1991.

DR. G. VIJAYA MOHAN REDDY: May be.

SHRI P. CHIDAMBARAM: Deceleration in exports started in August, 1990. For one and half years, the governance of this country was totally neglected, leading to a situation where we were on the brink of an economic catastrophe.

DR. G. VIJAYA MOHAN REDDY: That is your opinion. You are free to have your own opinion.

SHRI P. CHIDAMBARAM: These are the facts.

DR. G. VIJAYA MOHAN REDDY: Maybe, it is your opinion, it is your type of facts. When you criticised, for example, when it has been said that agriculture....

SHRI P. CHIDAMBARAM: I am sure that your concern...

DR. G. VIJAYA MOHAN REDDY: The priorities are different among different people.

SHRI P. CHIDAMBARAM: I am sure that your concern is as good as mine.

DR. G. VIJAYA MOHAN REDDY: Please allow me to have my own ideas. Don't impose your ideas on us.

SHRI P. CHIDAMBARAM: Just a minute. I am sure that your concern is as good as mine. But there is no such thing as 'your facts' and 'my facts'. There can only be one set of facts.

DR. G. VIJAYA MOHAN REDDY: If the borrowing from the international agencies is growing, I do not know for how long you will be continuing.

SHRI N.E. BALARAM (Kerala): I ask a simple question.

SHRI P. CHIDAMBARAM: These are the figures which I gave twice in the morning.

SHRI N.E. BALARAM: Why don't you say now? Tell the figures now.

SHRI P. CHIDAMBARAM: I am willing to say.

DR. G. VIJAYA MOHAN REDDY: Is it commensurate with 20 to 22 per cent?

SHRI P. CHIDAMBARAM: I will answer; I will give you the figures...*(Interruptions)*.

SHRI N.E. BALARAM: It is because the growth rate is not picking up.

DR. G. VIJAYA MOHAN REDDY: Export means that it is from the surpluses. But in the worst case, the export is taking place all over from domestic requirements, like cotton yarn. There is a steep rise in price of cotton yarn; there is starvation among the entire section of handloom weavers. How can you explain that; Our export is from the domestic market. You are taking it from the domestic market for export and you are claiming that you are exporting something.

SHRI VIREN J. SHAH (Maharashtra): Today's *Economic Times* brings out a report and it says: India's exports suffer this year mainly due to strict Government's import.... Next year and the year after that,... *(Interruptions)*. Right now, it is not correct to say....*(Interruptions)*.

SHRI A.G. KULKARNI: Dr. Reddy, you are under a wrong impression. Cotton yarn is surplus with us; we are supplying enough to handloom; but the difficulty is on co-operative marketing. You first decide about the co-operative marketing...*(Interruptions)*.

DR. G. VIJAYA MOHAN REDDY: Government is responsible to answer this question, not you, about the sufferings of

crores of handloom workers and their families all over the country... *(Interruptions)*.

SHRI MOTURU HANUMANTHA RAO (Andhra Pradesh): Sir, Yesterday's *Hindu* has given a report... *(Interruptions)*.

DR. G. VIJAYA MOHAN REDDY: Price index is of no value.

SHRI MOTURU HANUMANTHA RAO: I am referring to one report in yesterday's Hindu which says: Exports fall short in dollar terms. This is the headline.

SHRI P. CHIDAMBARAM: Why don't you yield? You don't want to listen to figures, and again and again you are repeating it. I will give you the figures. But if you don't yield, I can't do anything. I will give you the figures. In dollar terms to GCA countries, in the first quarter of this financial year, it is 4.9 per cent in dollar terms. In the second quarter, after our Government took over, it is 7.03 per cent. From first quarter to second quarter, it has gone up from 4.9 per cent to 7.03 per cent. This must be measured in terms of what we inherited in May 1991. May 1990 to May 1991 is was a negative growth rate. In June, we went to a positive growth rate. In July, it was 5.4 per cent; in August, it was 5.5 per cent; in September, 10.3 per cent. The weighted average of the second quarter is 7.03 per cent in dollar terms to GCA countries. Now, what the hon. Member is referring to is that in the rupee payment area, there is a compression of 54 per cent. It is like saying that one man runs ten miles southwards; another man runs eight miles northwards. The average is not minus ten and plus eight; the average is not of minus one. You can never average that. But there is compression for RPA and there is growth to GCA. You don't average apples and oranges. You look at RPA separately and GCA separately. For RPA there is a deliberate compression of exports by 54 per cent. In GCA, growth is 4.9 per cent....*(Interruptions)*. You must listen. Sir, the hon. Member must listen to me first. Kindly listen. The point is, if you come with a closed mind and don't want to listen to any figures, there is nothing I can do. Kindly try to listen to me; bear with me; you are a very senior Member. In the first quarter, growth to GCA was 4.9 per cent when our Government was not in office. I give credit to my predecessor. In the second quarter, it is 7.03 per cent. This morning I told this House that I am not drawing any conclusions. I am not claiming any credit. It is too early to draw any definite conclusion. I would like to wait for October, November and December, before I claim any credit at all. But I do believe, and I sincerely believe that our policies are the right policies; it has gone from 4.9 per cent to 7.03 per cent. If our policies are persevered with, if we don't lose our nerve midway, if we don't lose heart by criticism and if we persevere, I am sure we will get towards a double-digit export growth rate to GCA in the third or the fourth quarter.

SHRI N.E. BALARAM: Sir, the question was...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Balaram, are you surrendering your time?

SHRI N.E. BALARAM: No.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Then, please sit down.

DR. G. VIJAYA MOHAN REDDY: Then, about the price index. Now, there is an improvement. There is a decline in the price index, by 7 per cent. But this is because of the arrivals in the market. Everybody knows. An assurance was given that after the arrivals in the market, everything would be all right. But the prices are rising. The ruling prices are blackmarket prices. Things have gone into the blackmarket prices. Things have gone into the blackmarkets. Groundnut oil has gone underground. It

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is now selling at more than Rs. 40 per kg. In Hyderabad, rice is selling at Rs. 7 per kg. In fact, it is not available in the market. Similarly, in the case of other essential commodities, the prices are sky-rocketing. *Mirchi* is being sold at Rs. 60 per kg. The price situation is very alarming.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Dr. Reddy, I know the subject is vast, but we have the constraint of time.

DR. G. VIJAYA MOHAN REDDY: The prices are going to rise further. What about agriculture? The hon. Minister must say something about it. There has also been considerable deterioration in industrial production, as has already been pointed out. There is a drop in industrial production. How are you going to meet this situation?

Our export depends on the world consumption levels. The world consumption levels are not that prospectively good. This is what has been pointed out by the U.N. surveys, GATT studies, etc. They have said that the situation would be unfavourable.

Then, about the BIFR. Already, there are two lakh sick units; more than two lakh sick units. Apart from this, what about the units which you are going to refer to the BIFR? If the BIFR comes out with the opinion that these industries can be made viable, what about the financial assistance that is involved? How are you going to meet it? Are you prepared to meet the financial commitment? Are you prepared? Mere reference to the BIFR is not the panacea for all the ills. In the case of those industries which pass through the test of the BIFR, how are you going to finance them, so that they survive, so that more workers need not go through the exit line?

Another big problem is unemployment. Nothing much has been said in this paper. Millions are unemployed. Their number will grow in the years to come.

What about your amnesty scheme? The Government announced two schemes, namely, the foreign remittances scheme, and the India Development Bonds scheme. We have not got what we expected. I do not know how much we are going to get by January, up to which it has been extended. We have also the scheme in regard to deposits in the National Housing Bank by black-money holders. As you know, up to November, the deposits are just Rs. 20 crores. This has also been extended up to January-end. I do not know whether we are going to get more.

SHRI JAGESH DESAI (Maharashtra): When I asked about this, the Minister of State for Finance told me that they are going to many times more. This is what he told me.

DR. G. VIJAYA MOHAN REDDY: Up to November, we got just Rs. 20 crores. This is the Government figure.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Dr. Reddy, please conclude.

DR. G. VIJAYA MOHAN REDDY: Why don't you take stern action against these people? As has been pointed out by my colleague, Rs. 40,000 to Rs. one lakh crores is the extent of black money circulation in this country. It is a parallel economy. Another colleague has pointed out that through *hawala* transactions, you get about Rs. 36 per dollar. How are you going to get remittances from abroad, when they can take the *hawala* route? If they take the *hawala* route, what about the Reserve Bank of India?

What about the flight of capital? It has been estimated that from 1970 to 1986, it was 21 billion. This is through under-invoicing and over-invoicing, transfers, kickbacks, not showing the real export earnings, etc. Many of these persons are going scot free. What action the Government is going to take against these people? It has been calculated that the flight of capital is more or less equal to our entire foreign debt. This is the

opinion of many economists.

There is also a drop in customs, excise, and income-tax collections. This came in the Press also. How are you going to bridge this gap? How are you going to peg the budget deficit at Rs. 7,000 odd crores?

What is the rate of interest on the IMF loans? I want to know that. It is reported that you propose to apply the extended structure adjustment facility. Is it a fact? What is the amount you expect from that and what are the conditions attached to it? Is there going to be a cut in the Defence expenditure? The country wants to know it because the threat of Pakistan is growing every day.

On all these points I would request the honourable Minister to clarify.

श्री भूपिन्दर सिंह मान (नाम-निर्देशित): उप-सभाध्यक्ष जी, यह जो कदम फाइनेंस मिनिस्टर साहब ने लिए हैं, यह बहुत पहले लिए जाने चाहिए थे। इस वक्त भी जो लिए गए हैं, बहुत अच्छा हुआ है और बोल्ड स्टैप्स लिए गए हैं। किसानों को बहुत दिनों से यह मुश्किल थी कि उनको खेती की उपज बढ़ाने के लिए जो सुविधाएं चाहिए थीं, वह उनको नहीं मिल रही थीं। उनको अपना प्रोड्यूस एक्सपोर्ट करने के लिए और देश में वैल्यू एडीशन के लिए सुविधा नहीं मिल रही थी। अब इसमें जो कहा गया है कि इन कदमों से जहां देश में प्रोडक्शन बढ़ेगा वहां देश के ऊपर पड़ा हुआ जो बोझ है, उसे उतारने में भी सहायता मिलेगी, यह स्वागत योग्य है। बाकी जो सरकारी महकमे हैं, उनमें एफ० सी० आई० का थोड़ा सा जिक्र किया गया है और बताया गया है कि उनको निर्देश दिया गया है कि वे बाजार में अपना स्टाक निकालें जिससे भाव कम हों। मैं जानना चाहूंगा कि मंत्री जी इन महकमों की इनएफिशियेंसी और करप्शन को दूर करने के बारे में क्या प्रपोजल्स लेकर आए हैं जिससे यह बोझ देश को न उठाना पड़े। महोदय, इंडस्ट्रियल पालिसी का जिक्र करते हुए इन्होंने कहा है कि किसानों को बढ़ावा दिया जायेगा, प्रोत्साहन दिया जाएगा ताकि वे अपने प्रोड्यूस को प्रोसैस करके बाहर भेज सकें। हमारे यहां अभी हालत ऐसी है कि हम न तो इंसैक्टिसाइड्स ठीक से इस्तेमाल कर रहे हैं और न ही इंटरनेशनल स्टैंडर्ड के हिसाब से बाकी काम हो रहा है। तो इसके लिए वे क्या कदम उठाने जा रहे हैं ताकि हमारे किसान भी इंटरनेशनल मार्किट में आ सकें और यह भी बताएं कि बाकी सारी महकमों में जो इनएफिशियेंसी का बोझ पड़ा हुआ है, उसको वे कैसे दूर करेंगे।

SHRI JAGESH DESAI: Mr. Vice-Chairman, Sir, we are happy that the Finance Minister has come out with a statement giving all the facts. He has not tried to hide anything. Whether one likes it or not, as regards the impact of the policies there can be a difference of opinion-as I myself have that kind of differences with the economic policy of the Government. But I am very happy that he has some targets in his mind, which he wants to achieve.

SHRI MENTAY PADMANABHAM (Andhra Pradesh): He or the Government?

SHRI JAGESH DESAI: I said, the Finance Minister and the Government.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You understand it.

AN HONOURABLE MEMBER: Not the Congress Party?

SHRI JAGESH DESAI: All right, you can say, the Congress Government.... (*Interruptions*)...Not the Congress Party.

SHRI MENTAY PADMANABHAM: Whether the present Finance Minister reflects the views of the Government or not is the point I want to know.

SHRI JAGESH DESAI: He wants to take measures to achieve that goal. Whether he would succeed or not, that at present I can't say because I myself have doubts that, probably, he shall not be able to reach the targets which he has set for himself.

First of all, as regards the exports, at that time when this was discussed—when the trade policy was discussed and when the devaluation was discussed—I had raised some doubts about that, that probably it may not help us to the extent that the Government desires.

What I see today is that we have been able to reduce our trade deficit to a great

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extent not because of our export efforts but because of the compression of our imports. It is a good thing that the Government has done. But what is the fall-out of that? The fall-out of the compression of imports is that our industrial production in the first five months of this year, that is, up to August, is negative. It is 1 per cent less. This may be one of the reasons why the prices are going up.

SHRI MENTAY PADMANABHAM: It also affects our exports adversely.

SHRI JAGESH DESAI: It will affect that also. Your fiscal deficit you want to restrict to 6.5 per cent of the GDP. I am very much doubtful. Because of the lesser production the profits of the corporate sector and even those of the individuals will go down, and probably we will not get much from the direct taxes, which you think you will get. What you want is that you want to have more resources through the direct taxes.

Similarly, it will affect your collection of excise duties and the customs duties, no doubt about that, because when you curtailed the imports to such extent, which are necessary for the purpose of preserving your foreign exchange balance, your income will also go down. That is why I am doubtful whether you will be able to achieve 6.5 per cent fiscal deficit. I am very much doubtful about that. I will pray for your success in that. But for that purpose you have to find out in what manner you are going to increase the share of the direct taxes.

Secondly, you have said that the inflation is under control. Yes, I can say one thing that the point-to-point inflation which was earlier going down, in the last six weeks is again going up. Only in the last week that has ended in November, it is more or less the same. It has not gone up. In the earlier six weeks it has gone up. Unfortunately, the inflationary trend is that though the index in the last week ended on 30th November has remained 211.2 per cent, as regards the primary articles, that is, the foodgrains which are required by the common man, that index has gone up, though marginally. I would say, "marginally." So, you cannot say that the inflation is under control. If you are able to control the prices of essential commodities, primary articles, mainly the food articles, then only can you claim that we have been able to control the inflation. Otherwise, if the industrial prices of the industrial products which the common man does not want, are going down, it is not going to help.

What is the picture? As on 21.6.91, the prices of foodgrains from 22.6.1990 as compared to the earlier year, has gone up by 15 per cent. But on 30.11.91 they have gone up by 25 per cent. Similarly, the prices of fruits and vegetables have gone up by 33 per cent. In one week, even in this week when we have seen that the inflation has not gone up and the index has remained at 211.2 per cent, here also, the prices of food articles, barley, jowar, makka which are used by the most vulnerable sections, have gone up by 1 per cent to 4 per cent. Are we going to see that these items are going to be controlled or not?

Secondly, what have you done? Sir, this morning I wanted to raise this in the Zero Hour. The Chair had permitted me to do so. But I had to go out for some urgent work. So, I could not do so. But it relates to this subject. Three lakh tonnes of wheat has been sold by the FCI in the open market. It was to be sold in the open market, but first preference was to be given to co-operatives. The FCI officials knew that the co-operatives did not have so much finances. So, ultimately it must have gone to private traders because inspite of pumping in three lakh tonnes of wheat, the prices of wheat are not going down.

They should have given it for the public distribution system. They could have increased the quota of the State Governments. Instead of that they have pumped it in the open market and the effect of it has not been felt there. That

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is why the Government must monitor it. They have given wheat to flour mills, but ATTA prices are not going down. So, this aspect has to be considered.

Now, I come to sick industries in the public sector. Of course, we want efficiency, but my point is why do you want the sick units in the public sector should be referred to BIFR? COPU is there. All parties are represented there. It is a mini-House. Why don't you take it into confidence? You can call experts of the BIFR for evidence at the COPU. After all, we all are interested in the efficient running of the public sector. Of course, when you come to the conclusion that it is now impossible to run it, you close it, but you have first to take COPU into confidence. Industrywise you can discuss and decide which units should be closed. The Government must have an open mind on this. So, at the COPU with political and expert knowledge, we will be able to come to right conclusions.

I am sorry to say that there seems to be a competition for privatisation in different departments of the Government. That is my feeling. I wish my feeling is not correct. For instance there is a talk of privatisation of the Airlines, shipping, transport and even of some of the activities in finance. When Mr. Manmohan Singh spoke on the Budget, he appreciated the role of the Mutual Funds, which are at present in the public sector. There is a competition between all Mutual Funds in the public sector banking. They all have been bringing in very attractive schemes. I do not know why you want the Mutual Funds also in the private sector.

SHRI MANMOHAN SINGH: It was there in the Congress party election manifesto.

SHRI JAGESH DESAI: I agree with you. *(Interruptions)*

SHRI MENTAY PADMANABHAM: Mr. Desai.....*(Interruptions)* Don't worry, you will have another five-year term.

SHRI JAGESH DESAI: When Mutual Funds are doing very well in the public sector, why should we have that in the private sector? Secondly, I see the guidelines in the public sector and in the private sector are same and they will apply equally to both the sectors. My question is, are we going to give some weightage to the public sector or not? What is the view of the Government on this? Are you going to encourage the public sector or not or at all levels we want to treat the public sector and private sector equally?

I would like to ask one more thing. That is with regard to the import requirements of the public sector. Some of the industries are not in good shape, but some of them are created in such a manner that though they are doing well, yet they have to import. So, my point is, are you going to give the same concessions to the efficient units as to the inefficient units in order to enable them to become efficient? So, what is the policy of the Government in this regard? I personally feel as far as imports by the public sector are required for their infrastructure, that should be allowed under OGL or there should be some policy where they are allowed import. If this is not done, the public sector will suffer very much.

Lastly, I would like to talk about foreign aid. My figures may be wrong. Secondly, of course, some confidence has been generated in the NRIs and they are not withdrawing their money, but I have got some different information.

I may be right or wrong but in the month of August, September and October the deposits in NRI accounts were negative. There were withdrawals by the NRIs. In the earlier month it was quite good. If it is so, then, we have to find out the reasons and take remedial measures so that this will not happen again.

By the end of March, 1991 our foreign debts were to the tune of $70 billion.

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Probably by the end of 1992 it may go up to $73 billion. I would like to know about the repayments which are required to be made in the next four or five years. I feel Mr. Chidambaram will require more foreign exchange for imports. I am happy that we have imposed curbs on imports. Then again if we are not going to resort to imports, probably we shall run into difficulties.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Desaiji, now you have to conclude; otherwise.....

SHRI JAGESH DESAI: I would say we have to be very miserly for allowing any kind of relaxation so far as imports are concerned. Though the production will be hampered, we have to find out the local raw materials. We have to completely change our policy. We have to completely change even our industrial policy to see that the industries are established where raw materials are available locally; otherwise we will find it difficult to run our industries. In the case of the Soviet Union they have relaxed repayment of loan over two to three years. If that kind of thing was done to us by the World Bank, then, this kind of situation would not have arisen. I am very happy that he has given a very bold statement, whether the Members like it or not. He has given remedial measures also. I wish him success in his endeavour.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Honourable Members, the time is really very short. When we are discussing the various facts of this document which has been tabled by the hon. Finance Minister, I am sure you will have the economy of words and also the economy of time in view.

SHRI MENTAY PADMANABHAM: It is a five page statement. It is a very important document. How can we be economical on this? After great demand the Finance Minister came out with a statement.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You can ask for a debate. Let us not convert this into a debate.

SHRIMATI JAYANTHI NATARAJAN (Tamil Nadu): Only clarifications can be sought on this statement.

SHRI MENTAY PADMANABHAM: We did not expect that the Finance Minister would come out with a five-page document.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): He tabled it yesterday. Nobody objected to it. Now, let us go by the rules. Let us carry on in the spirit of asking clarifications or whatever you want...*(Interruptions)*...I must tell you, it is not my pleasure to stop anybody. I really like to listen to you. In that spirit, I go on. If some Member takes 20 minutes or 15 minutes, then, it goes beyond the rules.

PROF. SAURIN BHATTACHARYA (West Bengal): Thank you, Mr. Vice-Chairman. I am sure everything will be done judiciously from the Chair.

The first request that I should make like all the predecessors, in seeking clarifications is for a full-scale debate on this document. In pursuance of a promise made by the Finance Minister earlier, he has made good his assurance and thanks are due to him for that. Perhaps all the good words I may have end here. The question is, is the document on new economic policy, on the restructuring of the Indian economy, to raise the Indian economy from the rut in which it had been for some time. For how long, it is very difficult to tell. Facts and facts are there. For example, I do remember that there were points of time when the foreign exchange reserves fell much

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below the level, which was found in May 1991. That is a matter of history. As a student of history, it comes to me. Even I may be wrong. But that fact has to be gone into. That shows the question of delicacy of our economy which fact is not limited to a particular period of time.

Secondly, there is yet another fact. I think Members belonging to the Left, including myself, did never consider the public sector to be a symbol of socialism. It was not that. But at the same time, it is a known fact that throughout the world, in the arch capitalist countries, combined ownership of a sizeable portion of the industries is an established principle. And it is nothing new for India. If what is there and what is here are compared, perhaps, it cannot be said that there was overdose of Government ownership in the question of restructuring of the economy. This is the question that has come to my mind. In the memorandum to the International Monetary Fund, I think it is there. That gentleman is the Executive Director of the International Monetary Fund or something like that. In that document it has been stated that our growth-rate will increase. But the question is, how? What is the position about it? The position of the public sector is very bleak, as painted by the Finance Minister himself and by his colleagues...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): What is the clarification you want?

PROF. SAURIN BHATTACHARYA: ....in the Government. This is part of the clarification I seek, Mr. Vice-Chairman. The question is: Does he expect that industrial growth will come out of our indigenous entrepreneurial activity, out of our industrialists' efforts, or through multinational capital or, I may call it, foreign capital or NRI capital. I was putting the question to the Finance Minister just today for my benefit. You have talked of labour-intensive industries in two or three places. India is a very poor country; it is an undeveloped, underdeveloped country; called only a developing country. But here, a large number of unemployed people are there. Human resource is unutilised without labour-intensive industries. There, I agree with the Finance Minister. But how do we achieve it? With the help of foreign capital, with the help of NRI capital? Frankly, they have progressed far on the road to sophisticated industry which is capital-intensive, not labour-intensive. So I would like to know whether it is his vision or whether he envisages that a higher growth-rate will come through the inflow of foreign capital and inflow of NRI capital. And where does he think labour-intensive industries come into the picture in this?

Coming to the question of efficiency, efficiency is important not only in the public sector but in the private sector also. The question of efficiency has been coterminous with modernisation of industry and modernisation is coterminous with capital-intensive industry, industry based on advanced technology. How do you synthetise the two? I would request the hon. Minister to explain that. The other points have been dealt with. There are so many points and unless there is a Short Duration Discussion...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): As I said earlier, there are various facets...*(Interruptions)*

PROF. SAURIN BHATTACHARYA: I am not entering into that. A Short Duration Discussion in our House spreading over a few days, is needed to x-ray these documents and this x-ray is necessary in the national interest. Thank you.

श्री दिग्विजय सिंह (बिहार): माननीय उपसभाध्यक्ष महोदय, मैं सीधा सवाल मंत्री जी से पूछना चाहूंगा। इसके पहले मैं सिर्फ इस दस्तावेज़ को देख कर इस नतीजे पर पहुंचा हूं कि यह दस्तावेज़ बहुत चालाकी से तैयार किया गया है। वित्त मंत्रालय तो इस काम में माहिर है ही और वित्त मंत्री जी को भी इस मंत्रालय का

[श्री दिग्विजय सिंह]

अनुभव बहुत पुराना है। इसलिए उन्होंने काफी खूबसूरती और चालाकी से यह दस्तावेज़ तैयार किया है। मेरी समझ में अभी तक यह नहीं आया कि जो आंकड़े दस्तावेज़ के अन्दर दिए गए हैं और जो आंकड़े वास्तव में आज देश के सामने हैं उनका तालमेल वित्त मंत्री जी ने अपने बयान को बनाते समय देखा था या नहीं देखा था। जैसे एक आंकड़ा इन्होंने इनफ्लेशन के रेट के बारे में 13 परसेंट इनफ्लेशन रेट का दिया है लेकिन जो सब से गम्भीर बात है इनफ्लेशन रेट के बारे में शायद मंत्री जी को पता होगा कि 30 नवम्बर के जो आखिरी स्टेटेस्टिक्स हमारे पास उपलब्ध हैं उसके हिसाब से इस देश के आम लोगों के जनजीवन से जुड़ी हुई खाने-पीने की वस्तुओं का प्राइस इंडेक्स यह बताता है कि 23 परसेंट इनफ्लेशन रेट है। इनके आंकड़ों के अनुसार यह रेट 13 परसेंट दिखाया गया है। लेकिन आम आदमी जिन चीज़ों से प्रभावित होता है उसका इनफ्लेशन रेट 23 परसेंट के हिसाब से है। दूसरा आम आदमी के खाने-पीने के अलावा जो रोज़मर्रा की वस्तुओं से संबंधित सवाल है उसका इनफ्लेशन रेट 19.7 परसेंट है यानी 20 परसेंट के करीब इनफ्लेशन रेट है। कहने को यह बताया गया है कि 13 परसेंट रेट आफ इनफ्लेशन है। मैं मंत्री जी से यह जानना चाहूंगा कि क्या 13 परसेंट सिर्फ आंकड़ा देने के लिए बताया गया है या संसद् को खुश करने के लिए बताया गया है? क्या देश के आम आदमी की तकलीफों को पहचानने की कोशिश करने के लिए बताया गया है। इसलिए मेरा आपसे यह सवाल होगा कि 13 परसेंट एक जनरल इनफ्लेशन रेट बताया गया है लेकिन आम आदमी की तकलीफ इससे दूर नहीं हो पा रही है। दूसरी बात, मैं मंत्री जी से पूछना चाहूंगा कि भारत में 8 हजार करोड़ रुपया जमा हो गया है। यह बात सही है कि जब आपने सत्ता सम्भाली थी तो फोरेन एक्सचेंज आपके पास बिलकुल नहीं के बराबर था अथवा दो ढ़ाई हजार करोड़ रुपये था लेकिन 8 हजार करोड़ रुपया जो जमा हो चुका है उसमें कितना विदेशी कर्जा है और कितना आपने अपने स्त्रोतों से जमा किया है और कितना विदेशी कर्जा है जो आपके इस भंडार को बनाए हुए है। यह देश में आज एक अहम सवाल लोगों के सामने है। कई बार यह सवाल पूछा गया कि अब तक एन०आर०आई० स्कीम्स के अन्तर्गत, इण्डिया डेवलपमेंट बांड स्कीम के अन्तर्गत या दूसरे सोर्सेज़ से जो आपने पैसा इकट्ठा करने की कोशिश की है कितना पैसा जमा हुआ है और कितना पैसा विदेशी कर्ज के रूप में प्राप्त हुआ है, आपके खजाने भरने का काम हुआ है। यह जवाब आपको देना होगा। जहां तक एक्सपोर्ट का सवाल है, चिदम्बरम साहब बता रहे थे, मैं उस बहस में नहीं जाना चाहता वरन् वह भी अपने आप में एक बहस की बात हो जाएगी। कितना एक्सपोर्ट कर पाएंगे यह तो आने वाला समय ही बताएगा। मैं चाहूंगा उनको मौका दिया जाए क्योंकि इतनी जल्दी कोई नतीजा निकलने वाला नहीं है जितना यह बताना चाह रहे हैं। तीसरी बात मैं यह पूछना चाहूंगा कि आपके कुछ आंकड़ों के मुताबिक जो नान बैंकिंग क्रेडिट सेक्टर के बारे में हैं पिछले साल यह आंकड़ा 24 हजार करोड़ रुपये का था। इस बार आपके बजट के मुताबिक 21728 करोड़ रुपये बनता है। इस फिसकल डेफिसिट को आप कैसे पूरा करने जा रहे हैं। बजट को अभी केवल तीन महीने ही बाकी हैं। आप बार-बार कह रहे हैं कि डबल डिजिट से नीचे लाना है। सात हजार करोड़ रुपये फिसकल डेफिसिट दिखाना था। आपने कहा कि फिसकल डेफिसिट के लिए करेक्टिव मेज़र्ज़ तय करेंगे। क्या आप इस बीच में फिर से कीमतों को बढ़ाएंगे या पेट्रोल अथवा अन्य चीज़ों पर बढ़ा कर फिसकल डेफिसिट पूरा करने वाले हैं? इस दस्तावेज से एक बात और भी सामने आती है कि अभी-अभी वित्त मंत्री जी के दिमाग में कोई ऐसी बात है जो बजट से पहले डेफिसिट को पूरा करने के लिए कीमतों को शायद वे बढ़ाएंगे। जहां एक ओर वायदा है कीमतों को घटाने का वहां दूसरी ओर इनके दिमाग में ऐसी बात भी है जिससे कीमतें बढ़ाए जाने की आशंका है।

आखिरी बात जो सैद्धांतिक बात है मैं मंत्री जी से कहना चाहूंगा। आखिर आपकी तमाम नीतियों के बारे में भ्रांतियां क्यों फैल रही हैं। आपने कुछ ऐसे उपाय, ऐसे कदम उठाये हैं जिनसे देश की आर्थिक नीति मजबूत हो सकती है। लेकिन भ्रांतियां तब फैलती हैं जब इस देश के वकील दूसरे लोग बन जाते हैं, जब इस देश की वकालत दूसरे देशों से होने लगती है। भारत कैसे आगे बढ़ेगा, इसका फैसला जब अमेरिका जैसे देशों में होने लगेगा, आपके बयान भारत की संसद् पर नहीं बल्कि दूसरे देशों की जमीन से होने लगेंगे, तब भ्रांतियां होने लगती हैं कि आप किसी दबाव में काम कर रहे हैं। यह गुजारिश मैं आपसे करना चाहूंगा कि आगे से आने वाले दिनों में ऐसी नीतियां न दुहराई जाएं कि इस संसद् में भी लोग गुमराह हों और देश के लोग भी गुमराह हों। आपको बहुत बहुत धन्यवाद।

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Shri N.E Balaram. Please speak ...*(Interruption)*...I said 'speak', but I want you to ask questions.

SHRI N.E. BALARAM: Sir, I will ask some questions, but first I will state the reasons for asking them. Sir, I have gone through the document and I agree that several parties have different perceptions about the economy, on the solutions to various issues, but I thought our Government, our Finance Minister, would try to come to some consensus on economic issues which he is going to implement in this country. Unfortunately in 16 weeks without anybody knowing anything about the whole thing he approached the International Monetary Fund with a memorandum which contained a number of past policies which this country had been following as being rejected. I think this is an unprecedented development in the country. If I may say so—though many of us differ on many, many issues—, there was a sort of nationally-accepted economic policy in the country in the past. We had a difference on this. Now that policy is gone. The entire nationally-accepted policy has gone. I don't know what the reason for it is. He may have his own reasons. I have gone through this document and I have found that he has agreed to the IMF—to reduce the expenditure on defence. Is there not any other area on which he can reduce the expenditure? Is it so essential now to reduce the expenditure on defence? Who has asked the Government to reduce the expenditure on defence—the country, the Parliament?.....*(Interruptions)*....

SHRI MANMOHAN SINGH: Sir, what he is saying is not correct. All I have stated is that our Government in its Budget has moderated the defence expenditure. That is what I have stated. He is mistaken.

SHRI N.E. BALARAM: No, no; you have given it before that. The memorandum shows that...*(Interruptions)*....

SHRI MANMOHAN SINGH: I want the Parliament to approve it before I do that.

SHRI N.E. BALARAM: All right, but my point is he has given that memorandum to the IMF. He has made it very clear that he has used the word 'moderated' which means containing the expenditure. You know, he is an expert in writing things....

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): No, he is an expert in writing on finance....*(Interruption)*....

SHRI N.E. BALARAM: Anyway, he is a good writer.

SHRI VIREN J. SHAH: Sir, he is praising his command over written-English language.

SHRI N.E. BALARAM: Sir, I don't know whether they are approaching the IMF for CCFF loan or something else or ESAF loan. It is not very clear from this memorandum. But if one goes through the memorandum minutely one can understand he is approaching for the second time for the CCFF loan. Everybody in the world knows that CCFF loan has got conditions. It is always attached to conditions.

SHRI JAGESH DESAI: We have to agree.

SHRI N.E. BALARAM: Conditions are there. I will come to that later. He has already thought about this approach, he has already suggested or he has already requested that he would require a loan of five to seven billion dollars.

SHRI MANMOHAN SINGH: Nothing. We have not made any such request.

SHRI N.E. BALARAM: You can deny it. If you go through the document you can see that.

SHRI MANMOHAN SINGH: You are just inventing all these figures. These

[Shri Manmohan Singh]

figures are not there.

SHRI N.E. BALARAM: I have no time. It is there in the document. If there is a debate, I could have shown the figures to you.

SHRI G. SWAMINATHAN (Tamil Nadu): The Minister has said that it is not there.

SHRI N.E. BALARAM: It is in the document.

SHRI G. SWAMINATHAN: What is the document? If the Minister says you have to believe.

SHRI VIREN J. SHAH: You can quote from the document and show it. But I don't find it anywhere.

SHRI N.E. BALARAM: It is there on page-2 paras 8 and 9. If you go through paras 7, 8 and 9, you can see that. I don't want to waste time. There are two aspects.

SHRI JAGESH DESAI: You should point out.

SHRI N.E. BALARAM: Will you give me time? Because of lack of time I am not doing that. The point is that there are two aspects. One is the immediate steps that he has taken to meet the crisis, that is, what he has stated just to manage the crisis. That Part is true. That alone will not solve the problem. That is only a very small part to solve the problem. What about other things? This does not give any relief to the common people in this country. On these questions he has mentioned about so many things. The first question is about price rise. He was not able to contain the price rise. The second question is about inflation. There also he was not successful in containing inflation. The third question is unemployment. When the entire structural reforms are going to be implemented, people are worried about the problem of unemployment. My understanding is that there will be much more unemployment than at present. Recently a workshop was held by the ILOUNDP here. They have found—I don't know whether they are correct; some outstanding economists had participated; I was able to attend only for a few minutes—that because of the implementation of the so-called structural reforms we may have to face a serious unemployment problem in the near future. So, there also we have not got any relief. These are the immediate effects of the economic policy. Now, coming to the second part where he has stated about the mid-term schemes, I think, his understanding is very clear.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Please conclude now.

SHRI N.E. BALARAM: I am concluding, Sir. He wants to go for privatisation in a big way. It is a clear fact. *(Interruptions)*...Again you want me to mention it. It is difficult. It is there. He has said that.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Please complete.

SHRI N.E. BALARAM: Sir, he is questioning everything. You have gone through para 5. It says that you are reducing investment in the public sector, you are encouraging the private sector. How will it help? I don't mean privatisation in a limited sense. I am not saying that the entire public sector will be given to the private sector. That is not what we mean by privatisation. Privatisation means two things. One is — minimal interference on the part of the Government.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Let him explain.

SHRI N.E. BALARAM: Sir, I am asking this. Number two is, compelling the whole nation and the people to go to private sector to purchase their common needs namely commodities from private sector. This is what they say is privatisation. This is the essence of this document. They say that in the past we have been thinking of a mixed economy

where the private sector is there, the public sector is there and where both of them will operate. I am not saying that the public sector is running in a perfect way. I have my own criticism. It can be improved upon. But the private sector is pushed back. The document says that the private sector is the only solution for this country. In almost all the developing countries in a small way privatisation is there. But in India we are depending more and more upon the private sector. This is what I said. We are having a complete break from the past. In the past our understanding was, there will be a public sector, there will be a private sector, and there will be a sort of mixed economy. This is the best way to achieve self-reliant independent economic development of this country. This idea has gone.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Please conclude.

SHRI N.E. BALARAM: These are two perspectives. So, I ask him why he has changed this policy. What are the reasons which compelled him to changed the policy which we are following for the past 40—45 years, a policy of mixed economy which gave us the best? I don't agree with the idea that our entire economy is in doldrums. I think even now that the Indian economy is much healthier and stronger because of the last 45 years' work. By one stroke of the pen he said that the entire policy is wrong. He will take a different route. Privatisation is the only solution, this is his approach. What are the reasons compelling him to take such a decision?

SHRI PRAKASH YASHWANT AMBEDKAR (Nominated): Mr. Vice-Chairman, I don't want to say that this system is good or this system is bad. A system is good or a system is bad depending on how it is implemented and who is at the helm of affairs. There is no doubt that we are making structural changes in the economy. These structural changes are defenitely going to affect some part of the economy. Whether the structural changes are necessary or not, I am not going into that aspect. But what we are trying to do is to follow the Western economic system. Let me point out to you one major flaw that exists, that is, in the western society, there is respect for law, but in the society where we live the respect for law is missing. Where the respect for law is missing we cannot expect persons or those who are going to be a part of the economy to behave in such a manner in which they will put self-restraint on them.

4 P.M.

[THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN) In the Chair.]

Therefore, these changes, whether they are good or bad, it is history that is going to decide. But now, I would like to restrict myself only to the present. There was a point raised in a seminar where the Finance Minister was also present. The seminar was organised by the International Labour Organisation and the United Nations Development Programme. In the seminar it was stated that unemployment for the year 1992-93 would increase from 4 million to 8 million. In 1993-94, unemployment figure would rise from 8 million to 10 million. As the hon. Minister was also present in the seminar, I would like to know from him whether he confirms them.....*(Interruptions)*.....

SHRI MANMOHAN SINGH: There are no such figures. There was no ILO.....*(Interruptions)*.....

SHRI PRAKASH YASHWANT AMBEDKAR: It has appeared in the *Times of India* dated 12th December, 1991....*(Interruptions)*....

SHRI MANMOHAN SINGH: That is an individual opinion. The ILO or the UNDP has not said anything that you have been saying.....*(Interruptions)*.....

SHRIMATI KAMLA SINGH (Bihar): There was a seminar on the 10th and

[Shrimati Kamala Singh]

11th in which ILO, UNDP, various other organisations participate and the Government of India was also *(Interruptions)....*

SHRI MANMOHAN SINGH: In that seminar no such statement was made.....*(Interruptions).....*

SHRI PRAKASH YASHWANT AMBEDKAR: The paper carries such a report. Anyway, I am glad the Minister has clarified it. Secondly, para 20 of the statement says that productivity has been linked to the standard of living. To increase productivity, we changed the industrial policy. Now the new industrial policy has shifted its emphasis from labour-intensive industries to capital-intensive industries. Under the new policy the employment level has remained stagnant. It has not increased. I would like to know from the Minister how he is going to increase the standard of living of the common man. Thirdly, we have a society of haves and have-nots. The whole process that I see now is just concentration of power in the hands of a few. We have made changes in the industrial policy. We have made changes in the financial structure and now, I think we will be making changes in the banking system also. What is going to be the effect of these changes? The effect that I see is that all these productive and financial institutions that are there, they are going to go into the hands of a few. If economic power, the productive power is concentrated in the hands of a few, how are we going to increase the purchasing power of the have-nots? What is important today is that the purchasing power of the common man has to be increased. The document does not say anything in this regard. I would like to know from the Minister how he is going to increase the purchasing power of the have-nots. Lastly, I would like to know about DA. It has been stated that there will be no budgetary provision for DA and every department will have to create its own structure for payment of DA. Dearness Allowance is linked to the cost index figure. I would like to know from the Minister whether the Government is going to curtail its programmes or the departments would be required to curtail so that DA could be paid to the employees. With these few words, I conclude.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): I would like to once again appeal to the hon. Members to please be very brief. These are just clarifications. We have been discussing it from 1 O'clock. We have important business and I would request the Members to stick to clarifications.

SHRI G. SWAMINATHAN: It is unfortunate that only when I was to start speaking you should have given these instructions. Anyway the clarification that I would like to seek is whether the Reserve Bank credit to the Central Government between 1st April and 30th September of 1991 increased to Rs. 8891 crores while this figure was smaller for the same period during 1st April to 30th September, 1990. Does this indicate that the Central deficit will be more this year than that of last year? Does the Government plan to rectify this situation during the second half or they have already done so? If so, what are they? Does the Government have any plans to withdraw Gulf surcharge on petroleum products to bring down the prices by reducing the pressure on the economy caused by cost-push inflation.

While the high interest rates charged by the banks and the credit squeeze are theoretically to bring down the amount of money chasing the goods in the economy, has it not boomeranged on the economy for the following reasons? (a): slowing down of the production resulting in a shrinkage of supply. Because of it, more money is chasing fewer goods thereby increasing the prices, And (b): increase in the additional cost of funds pushing up the inflation rate.

Mopping up of the free foreign exchange by Forex Bonds has altered the

free flow of founds making unofficial gold import more expensive. The price of gold in our country has now reached a new level leaving a substantial margin to smugglers. How far in the view of the Finance Minister, this step had been successful in channelising foreign exchange to a legalised channel? Is there any proposal with the Government to mobilise gold form public by issue of gold bonds?

The customs duty revenue has fallen to Rs. 2000 crores during the first half of the year and the fertiliser subsidy looks much higher than budgeted. There seems to be no cognisable reduction in the Government expenditure and there may be a demand for additional funds from various Ministries during the last quarter of this year, more than the Budget allocation. Does the Finance Minster still feel that the fiscal deficit can be slashed down to 6.5 per cent from 8.4 per cent of GDP?

Regarding liberalisation and deregulation, is it a fact that there is red tapism and restriction at the bureaucratic level and that the Indian businessmen in the executive and the implementation level are slowing down the liberalisation process? Will the Finance Minister look into this issue? The foreign exchange reserves position has changed from Rs. 2600 crores to Rs. 8000 crores mainly by the inflow of the IMF and the NRI funds. What is the component due to export and has it been encouraging? These are the clarifications I wanted to seek.

SHRI VIREN J. SHAH: Madam Vice-Chairman, I have read the 34 paragraphs of the memorandum submitted to the IMF and 23 submitted to the Parliament. It is difficult to deal with all of them in a short time. But the main aim is to restore confidence, to re-establish macro economic stability and to go towards sustained growth. I don't think anyone can have dispute with this and in that, even the general direction mentioned in this, I find myself in support of that. However, one must know that a structural reform anywhere and, particularly, in a country that has followed a path for the last 25 years which has led us to this situation is painful -- here is the World Bank report which appeared in yesterday's *Hindu;* I am quoting a sentence —"The first half of 1980s saw a large increase in India's public sector deficit, a steady deterioration in the service sector and a widening current deficit account." It is going to be painful. But when it is going to be painful, I was heartened to read that the protection of the poorest will be certainly there. But the important problem is how we are going to do that. This is an expression of intent. But that intent has to be translated into action. In fact, while reading the memoranda, I found that there is more hope than a clear implementation direction.

Even now there seemed to be less effective steps down the line. I appreciate the problems of a structural rigidity. Yet, the structural rigidities which he has referred to seem to persist. What is needed is a strong political will and also to make State Governments accept. The honourable Minister has mentioned in his note or memorandum to the IMF that he 'hoped that the State Governments would follow'. May I ask him what specific steps have been taken to see that this hope is translated into reality? What kind of interaction with the State Governments has he had so far? And what is their response?

Secondly, on the first page in para 6 it is mentioned 'short term measures' amongst the other points are aimed at 'employment oriented pattern of industrialisation'. Now there seems to be some contradiction as to the kind of direction in which we are moving. It may perhaps be necessary. But how would it lead to employment orientation in short-term? That requires to be clarified.

There are dual objectives. One is to reduce inflation. The other is to raise more taxes and resources. These seem to be contradictory pulls and how is he

[Shri Viren J. Shah]

going to reconcile these contradictory pulls in a short-term period? If he is in a position to give any specific answer to that, that would be helpful. Tight money, high interest rates, increase in administered prices -- this again raises the cost of everything, whether it is wheat, milk or products of vegetables or farm or factories. In petroleum products the increase was 38% in 1990. Seven percent is the weighted average in 1991. Actually on petroleum and other products it is 20% increase now, in addition to the 38%. With this how does the honourable Minister propose to bring prices down and contain inflation? He has also stated that the Current Account deficit will continue till 1992-93. Now, there is one major point that he has mentioned at six places and I am quoting his words from page 3, para 17 of the statement that he has made to parliament, about drastic pruning of Government expenditure. At the same time there are additional measures to see revenue raising of Rs. 20 billion adjustment by two measures — by revenue raising and pruning Government expenditure. Is there any clear evidence of pruning? Because, if there is, one would like to be enlightened. I think most of the honourable Members, to whichever party they may belong to, have this feeling that pruning of Government expenditure -- let alone drastic pruning -- does not seem to be visible as yet. "Now there is a hope for strong pick-up for exports." -- the words used here. What is the result so far? The honourable Commerce Minister did give the figures, 4.5% and 7.9%. But the results and the trend perhaps need to be much more strengthened. Japan in one month along, in November, had a trade balance, a surplus, of 6.3 billion dollars — not million dollars but 6.3 billion dollars in one month alone, in November. This also one has to keep in mind.

There are again certain hopes expressed about public sector enterprises giving internal generation and he has used the words 'significant improvement by 1991-92'. What is the reality? I won't discuss it now. On that there will be a discussion tomorrow. Please enumerate the specific steps taken to lead to it by 1991-92 because the day before yesterday in this very House when a question to the Prime Minister on industry was there, specific data was given about the number of companies which are total loss-making. Twenty two companies in six months made losses of Rs. 243 crores. The losses made in these six months were higher than that made in the previous six months. In that context how are you going to see the 'significant improvement by 1991-92? Would you kindly explain this?

About BIFR I am not going to speak just now. But the major problem in the industry in the public sector is the intervention by the Ministries. Have any steps been taken to remove the shackles from there? About BIFR, make it effective by legal teeth by more members. For five years BIFR has been asking about it. So what is needed is very positive steps to retrain and re-orient not only the work-force but the managements also, both in the public sector and in the private sector. Also, there is assistance to the State Governments and there is budgetary support to the enterprises, State Electricity Boards, etc. which have to be borne by the Government of India. What kind of specific and bold policies he is going to adopt to reduce the budgetary support to the various State Governments, various public enterprises and the State Electricity Boards?

I would now refer to the social policies and be done. It is mentioned on page 6, para 21, wherein he speaks of higher outlays on education and drinking water supply. We were discussing the other day when the Prime Minister was here about our experience. Our experience so far has been that hundreds and thousands of crores of rupees have been invested during the last forty years at least on paper, on education and drinking water supply, but the results have not been commensurate. Even the late Prime

Minister, Mr. Rajiv Gandhi, had said that hardly 15 per cent of the money given was really utilized. Do you have any specific changes to be introduced and, if so, would you kindly mention them? What specific changes you propose to achieve higher outlays resulting in really giving basic education and more drinking water to the people?

The same thing applies to wasteland development and water resources which have been referred to in para 22. Are there plans to involve non-governmental agencies in these areas? I am asking this question because, today, there are restrictions on them and the Indian Forest Act or whatever it is does not permit them.

There is a reference to the structural policies and the rigidities which I referred to earlier. I understand that the obstacles will persist because there will still be ten-page, thirteen-page or fifteen-page documents, ten copies each, which will have to be sent. When are we going to get rid of this? Then, there are words like "automatic approval", "automatic permission", etc. I think it is a contradiction in terms. There should be no need for approval because, even in the case of automatic approval, it takes a minimum of two months. I have heard from people who want to invest in foreign exchange that the problems are still there and it will take some time. If you do not reduce the forms and if you do not reduce the process of going from main office to regional office and regional office to somebody else and if some twenty people have to go through the forms, then, I think automatic approval or permission has no meaning whatsoever and the people will be laughing at this particular expression of "automatic approval" as to what is automatic. Thank you, Madam.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Mr. Ashis Sen I would like to request you to be brief.

SHRI ASHIS SEN (West Bengal): Thank you, Madam, for giving me this opportunity. Before I go into the subject as such, I would like to state that from the letter which has been written by the Finance Minister to the IMF, it seems that the Government of India believes that the policies set forth in the memorandum are adequate and to achieve those objectives, it will take additional measures, measures that may be appropriate and in accordance with the policies of the Fund on such consultations. There has been much debate on the question whether our policies are being framed by the IMF or not. Now, this particular statement amply clarifies that it is so.

There is an international body, the Organization for Economic Co-operation and Development, OECD, according to which, up to the end of 1990, India was the third largest country with external borrowings of about Rs. 1,82,000 crores. In between, there have been further borrowings and I would like to know form the Finance Minister what the present position is with regard to our external borrowings.

There has been a talk of the outflow of NRI deposits which has been halted. We find that it is stated to be to the extent of Rs. 870 crores per month which has been stopped. But, in spite of the amnesty given and so many concessions offered what is the actual inflow of NRI deposits into our country? Can he tell this so that we see whether the policies formulated are in the interests of our country or not?

There is a talk that there has been a decline in the inflation rate. But the retail prices do not indicate that. The Government and some economists might be assessing so. But the common man's experience is completely different. One of my preceding speaker has said that in theory, on paper, it is stated the index has come down to 13 per cent. But it is double when I go to the market to purchase essential commodities. So, what is the Government going to do here?

One of the policies outlined in this

Ashis Sen]

Memorandum is that there is going to be a freezing of dearness allowance. Now in this case do we feel that by squeezing the wage earners we are going to resurrect the economy? Now, 1992 is the year for another round of wage revision to take place in most of the industries where we have bilateral settlements system.

Does the Government want to freeze the wage revision also? Such is the indication. I would like to have a clarification from the Finance Minister.

Housing loan is an economic activity. For that it is not the question only of giving loans but it creates an asset in the country. Housing loans in various industries have stopped or they are going to stop. Will the Minister please see that there will be no stoppage of granting housing loans to employees and workers?

The Minister has also pointed out about the national renewal fund. Now will the Minister please clarify that this means shutting out so may industries, as a result of which it is going to increase unemployment in our country? Is it a precursor that there will be more closures and larger unemployment?

Then, the industries that are sought to be handed over to the BIFR have not become sick on their own. As BIFR Chairman has already indicated, these industries have become sick not because of any inherent problem within them but because of not giving them timely finance that was required for them. Will the Finance Minister please see that instead of giving them over to the BIFR, to be liquidated in course there will be other arrangements made so that they can become viable and useful to the country?

The public distribution system is another point that comes to my mind. In theory it is said that the public distribution system is working properly. But it is not so. In practice we find literally there is no supply of foodgrains, edible oil, sugar etc. Will the Minister please clarify how he is going to ensure supplies by civil supply and other departments and by his own economic mechanism?

Then there is the question of fertiliser subsidy cut. It is reported that a number of small units producing fertilisers for oilseeds are on warge of collapse due to subsidy cut. If it is stopped how are they going to increase production of oilseeds in our country? The question of subsidy cut requires re-consideration by the hon. Minister.

There is the question of tax deducted at source on interest on bank deposits. To avoid this the depositors are going to divert these small deposits to other channels, with the result that the benefits which the State Governments would have got on account of small deposits are taken away from them. As a result of that the Central Government might be getting some benefit at the cost of State Governments which enjoyed the benefit of about 75 percent of small deposits collected. I think a reversal is necessary in this respect instead of continuing it. *(Time bell)*

I will take a few seconds more.

He has rightly said that there will be enlargement of tax system. But where? By the tax on interest on deposits? Or the corporate sector will be subjected to more taxation and a higher rate of taxation? So far as tax on agricultural income is concerned, I do not know why there should be a resistance on the part of the Government and others also to introduction of some sort of tax on agricultural income. Those who are out of tax net they are landlords, they are kulaks, who are having enough money for them and who are enjoying a very good life by deriving more and more income out of agricultural operations. If this tax is introduced a huge amount, rupies hundred and thousand crores or so, will be available to replenish the Budget deficit that is coming from time to time.

On all these points I would like to have clarifications. I hope the Finance Minister

will like to inform the House of the proposals he is going to make to reverse the condition in which we are today.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Mr. Salaria, already two people have spoken from 'Unattached Member. Members unattached to any Party. And There is provision only for one Member. Mr. Ambedkar and Prof. Bhattacharya have already spoken. So, it is not possible for me to allow the others to speak because we have already run out of time.

SHRI SHABBIR AHMAD SALARIA (Jammu and Kashmir): My submission is that it does not belong to that. That is not the rule.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): This is something you have to ask the Chairman.

SHRI RAM AWADHESH SINGH (Bihar): So far as clarification is concerned, this rule does not apply at all.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): This rule is regarding clarifications alone.

SHRI SHABBIR AHMAD SALARIA: I have given my name earlier.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): This rule is regarding clarifications.

SHRI RAM AWADHESH SINGH: It is the individual right of every Member.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): No, it is not.

SHRI RAM AWADHESH SINGH: This is not confined to any Party.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): You are mistaken. You have a wrong notion of the rules. According to the rules...

SHRI SHABBIR AHMAD SALARIA: There is nothing of rules. It is a convention that all Members...

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Mr. Salaria, there are rules. It is beause we have the rules, the Congress Party is restricted to four Members.

SHRI SHABBIR AHMAD SALARIA: I can seek the clarification. *(Interruptions)*

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Mr. Ram Awadhesh Singh, the Chairman has taken the view and also the Business Advisory Committee that regarding clarifications, the number has to be restricted. Otherwise, it get converted to a fullscale debate for which we do not have the time. Now as far as the Congress is concerned, only four Members are allowed to speak.

SHRI RAM AWADHESH SINGH: You allow him also.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): But, unfortunately, we have to go on to the next business. I request the Members to cooperate. Anyway, let me come to that later. There are two speakers from DMK. I can only call one. You please decide which one of you is going to speak.

SHRI J.S. RAJU (Tamil Nadu): I can complete with in no time...

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): That is not the point...

AN HON. MEMBER: Call Mr. Balu first and then Mr. Raju for one minute.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Then I have to call everybody.

SHRI T.R. BALU (Tamil Nadu): How many minutes have you allotted? We will not go beyound the time limit.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): How can we do that, Mr. Balu? Kindly co-operate.

SHRI SHABBIR AHMAD SALARIA: Madam, you allow me. I shall be very short.

SHRI T.R. BALU: Madam Vice-Chairman, the statement.... (*Interruptions*)

SHRI SHABBIR AHMAD SALARIA: We should also get some time.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): You must approach the Chairman and ask him to change the rules.

SHRI T.R. BALU: In his statement, the hon. Finance Minister has stated that...

SHRI SHABBIR AHMAD SALARIA: Why should I ask the Chairman? You are...

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Mr. Salaria, please allow Mr. Balu to speak.

SHRI SHABBIR AHMAD SALARIA: Mr. Balu is at leberty to speak.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Then, please sit down.

SHRI SHABBIR AHMAD SALARIA: We are sitting here for the whole day. What for?

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): You will have to approach the Chairman and ask him...

SHRI SHABBIR AHMAD SALARIA: The Chairman need not be approached. I gave my name earlier.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Please take your seat. I am only following the rules. My hands are tied.

SHRI SHABBIR AHMAD SALARIA: My submission is that I gave my name earlier.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI M.M. JACOB): You are in the Chair. You can take the decision.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): I have taken.

SHRI M.M. JACOB: All the Party leaders have decided earlier that there will be only three Members from the Congress Party....(*Interruptions*)

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Let the hon. Minister say what he wants to say.

SHRI M.M. JACOB: So, each party will have one representative each. And the single-Member parties which call themselves United party—that is how the Committees are allotted—they give the name as to who is going to speak. That is the rule. You are in the Chair. You decide.

SHRI RAM AWADHESH SINGH: Madam Vice-Chairman will decide.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Kindly resume your seat, Mr. Salaria.

SHRI SHABBIR AHMAD SALARIA: It is a case of injustice to me. If it had to be done that way, I should have been told in the morning; I would have left the House and done some other work.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Kindly resume your seat.

SHRI SHABBIR AHMAD SALARIA: My name is given. It is high up in the list.

SHRI T.R. BALU: Madam Vice-Chairman....

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Mr. Balu, please sit down for a minute. I will call you. Mr. Salaria, may I read out the rule to you before you make any unwarranted remarks? "Members belonging to a Group whose strength is less than 4 will be grouped together and given a chance to seek clarification by rotation." And you belong to a Group which is less than four.

SHRI SHABBIR AHMAD SALARIA: No, no. We are more than 4.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): No, no. You are...

SHRI SHABBIR AHMED SALARIA: We are more than 4. The rule does not apply to us.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): You are only one. You are 'unattached'. Therefore, I am within my rights.

SHRI SHABBIR AHMAD SALARIA: I belong to political party. I belong to National Conference. I represent that party here.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): I am sorry. You represent only one-Member party. Therefore, you cannot be called each time. Kindly sit down. Let Mr. Balu seek his clarifications. Please do not take up the time of the House. I request you to sit down.

SHRI T.R. BALU: Madam Vice-Chairman, the Finance Minister has said that the State Governments are also allowed to import edible oil for the public distribution system.

SHRI SHABBIR AHMAD SALARIA: It is unfortunate that I gave my name yesterday. And today I am told that I cannot speak.

SHRI T.R. BALU: If a company decides to import any capital goods, it must have earned foreign exchange to the level of goods to be imported. Here I want to know from the hon. Minister whether the Government is allowed to import edible oil without any foreign exchange earning. Will the Government come forward to give any special privilege for import of edible oil without any foreign exchange earning. Secondly, in para 12 it has been stated that we shall not allow additional expenditure through supplementary demand unless in most urgent and unavoidable cases. As things go now, and as per the rate of inflation, I feel it is not possible to contain additional expenditure and if additional expenditure is not allowed, we cannot achieve our Plan target. Hence, I want to know form the hon. Minister whether this Government will fulfil Plan targets without any additional demands. Finally, he has said that the net outflow from NRI foreign currency deposits which we were earning at the rate of 335 million dollars per month has now ceased. I want to know the NRI deposits outflow from April to June this year and its corresponding figure for the same period last year. Figures for the last five years may also kindly be intimated to the House so that we can seek further clarifications.

SHRI J.S. RAJU: Hon. Finance Minister...

SHRI SHABBIR AHMAD SALARIA: Madam, I only wanted to...

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): I have identified Mr. Raju. Please sit down, Mr. Salaria. Mr. Raju will speak.

SHRI J.S. RAJU: Hon. Finance Minister has taken pains to bail out his Government of its wrong economic policies. We understand that a near financial collapse has been averted. We are at a loss to understand as to how and when the Government will repay the

[Shri J. S. Raju]

huge loans taken from the IMF and the World Bank. The Government is going on a borrowing spree. Even with all this, the Government could not contain inflation in spite of its commitment to roll back the prices. Therefore, I would like to know except for controlling the Budget deficit and disallowing additional expenditure, what measures the Government proposes to take to roll back the prices. In the matter on income-tax also, it may look strange but the fact is that certain categories of salaried employees get only ten months' salary a year because over two months' salary is pocketed by the Government as income-tax. The demand inside and outside the Parliament to increase income-tax exemption limit has fallen on deaf ears. The Government has also not taken any steps to levy taxes on the businessmen....

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Please seek your clarifications.

SHRI J.S. RAJU: So, I would like to know whether the Government will levy perspective tax on businessmen and increase the income-tax exemption limit for the salaried classes.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Mr Ram Awadhesh Singh. One minute only. You cannot speak for more than one minute because the moment I allow, you go on speaking. So, I cannot allow you more than one minute. The moment something happens, the attitude that the Members adopt towards the Chair is very unfortunate. I suggest, Mr. Salaria, you just wait because you are anyway asking for discretion of the Chair, rather than making remarks. So, I suggest you just wait.

श्री राम अवधेश सिंह: उपसभाध्यक्ष महोदया, आपने एक मिनट बांध दिया लेकिन यह तो वह दस्तावेज है जिस पर बहस दो दिन तक होनी चाहिए। मैं यह कहना चाहता हूं कि यह जो बयान वित्त मंत्री जी का आया है कि जी०डी०पी० को 6.5 तक डेफिसिट क्रा लाएंगे और अगले में 5 फीसदी तक ले जाएंगे, इनके बयान और प्लानिंग कमीशन के डिप्टी चेयरमैन का जो पर्चा आया है, हम लोगों के पास चिट्ठी आई है, उसमें कहा गया है कि आठवीं योजना में करीब 47 हजार करोड़ का डेफिसिट होगा। इन दोनों में कितना सामंजस्य है? 47 हजार करोड़ की बात तो जी०डी०पी० के हिसाब से कही है। आज तो 8 हजार करोड़ है। इस हिसाब से इन्होंने करोड़ों में बाधा नहीं है।

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): please seek your clarifications.

श्री राम अवधेश सिंह: यह 47 हजार करोड़ का और जी०डी०पी० का 5 प्रतिशत कितना बैठता है? इसमें जरा हमको सफाई से बताएंगे कि आठवीं योजना काल में जो प्लानिंग कमीशन के डिप्टी चेयरमैन ने कहा है कि 47 हजार करोड़ के करीब डेफिसिट होगा, उसमें क्या स्थिति होगी?

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Mr. Ram Awadhesh Singh, please seek your clarifications now. I am going to call the next speaker.

श्री राम अवधेश सिंह: मुझे एक-दो और जरूरी बातें कहनी हैं। मुझे पैराग्राफ 2 के बारे में कहना है। 23वें पैराग्राफ में भी इन्होंने कुछ बात कही है। 5वें पैराग्राफ में इन्होंने जोर देकर कहा है, जैसे विश्व विजय करके आये हों, उसी अंदाज में कहा है कि हम साढ़े 12 फीसदी जी०डी०पी० का पब्लिक सेक्टर में जो इंवेस्टमेंट था उसको घटाकर 7 परसेंट पर लाएंगे। इस पर लगता है कि जैसे इन्होंने बहुत बड़ी विजय हासिल की है।

SHRI MANMOHAN SINGH: I have never said.

श्री राम अवधेश सिंह: इसमें लिखा है — राजकीय कोष की नीति, हमारा मध्यावधि उद्देश्य समग्र सरकारी क्षेत्र के घाटे को उत्तरोत्तर कम करना है जिससे 1990-91 के सकल घरेलू उत्पादन के अनुमानित साढ़े 12 प्रतिशत से 1990 के दशक के मध्य सकल घरेलू उत्पादन के साथ 7 प्रतिशत तक लाना है। मतलब यह है कि पब्लिक सेक्टर में 7 फीसदी तक ही लाएंगे। जो अभी इंवेस्टमेंट है साढ़े 12 परसेंट तक पब्लिक सेक्टर में, उसको 7 फीसदी तक लाएंगे... **(व्यवधान)**। जब आप क्लेरिफिकेशन्स का जवाब दें तो तब बता दीजिये।

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): I am calling Mr. Gautam. You have taken four minutes. You said 'one minute'. Now, I know how seriously I have to take you when you request for time to speak.

श्री राम अवधेश सिंह: मैं कहना चाहता हूं कि आखिर पब्लिक सैक्टर में इंवेस्टमेंट को कम कर देने से इनका टारगेट पूरा हो जाएगा? जब तक ये परचेजिंग पावर बढ़ाने के उपाय नहीं करेंगे तब तक कुछ नहीं हो सकता है। परचेजिंग पावर बढ़ाने के क्या-क्या उपाय इन्होंने किये हैं? खास तौर पर जो गरीबी रेखा के नीचे की जनसंख्या है उसकी परचेजिंग पावर कैसे बढ़ेगी और मध्यम क्लास की परचेजिंग पावर कैसे बढ़ेगी? इसकी योजना ठीक ठीक जब तक आप नहीं बताते हैं तब तक मैं इसको वाक-जाल समझूंगा। यह बयान और दस्तावेज वाक-जाल से ज्यादा कुछ नहीं है क्योंकि अपने वाक-जाल के बचाव में इन्होंने यह कहा है कि इंटरनेशनल जो सिचुऐशन है, अन्तर्राष्ट्रीय जो स्थिति है, वह कभी भी बदल सकती है और हमारे लिए कठिनाई पैदा कर सकती है। जब वे फैल कर जाएंगे तो अपने बचाव के लिए यह इन्होंने कहा है। 23वां पैराग्राफ अपने बचाव के लिए रखा है कि अगर इंटरनेशनल, अन्तर्राष्ट्रीय समस्यायें ठीक नहीं होगी तो हम क्या करें, हमने तो तब ही बोल दिया था।

उपसभाध्यक्ष (श्रीमती जयंती नटराजन): आप बैठ जाइये।

श्री राम अवधेश सिंह: यह समस्या इनके कंट्रोल से बिल्कुल बाहर हो रही है।

उपसभाध्यक्ष (श्रीमती जयन्ती नटराजन): आप भी हमारे कंट्रोल से बिल्कुल बाहर हो रहे हैं।

श्री राम अवधेश सिंह: वर्ल्ड बैंक जो डिक्टेट करता है उस पर ये चलते हैं, आई०एम०एफ० जो डिक्टेट करता है उस पर चलते हैं। अंर्तराष्ट्रीय जो आर्थिक संस्थाएं हैं, जो वित्तीय संस्थायें हैं वे अपने ढंग से चलाती है। इसलिये मैं यह जानना चाहता हूं कि क्या अपने फेल्योर को, भावी संभावित विफलता के बचाव के लिये क्या आपने इसमें यह लिखा है?

श्री आनन्द प्रकाश गौतम (उत्तर प्रदेश): माननीय उपसभाध्यक्ष महोदया, मंत्री जी ने जो वक्तव्य दिया है उसमें कहा गया है कि सरकार ने अभूतपूर्व आर्थिक संकट के बचाव के लिये कुछ महत्वपूर्ण कदम उठाये हैं। इसमें उन्होंने जिक्र किया है कि निर्यात आर्थिक सहायता समाप्त कर दी गयी है; जिसके जरिये मुद्रा का अर्जन रूका है। एक अन्य महत्वपूर्ण बात यह है कि उर्वरक पर आर्थिक सहायता कम की गयी है। इससे भी देश के किसानों की गर्दन को दबाकर यह काम अच्छा किया गया है। रक्षा व्यय जो देश की सुरक्षा से संबंधित है उसके खर्च में नियंत्रण किया गया है। मैं माननीय मंत्री जी से इस संबंध में यह जानना चाहता हूं कि क्या इनके पास सरकारी खर्चों को कम करने के लिये कोई तरीका है, क्या कोई तरीका इसके लिये इन्होंने निकाला है और उसको लागू किया है और इससे हमें कितनी बचत की संभावना है और अभी तक इसमें कितनी बचत हुई है?

दूसरी एक चीज और है। इन्होंने इसमें कहा है कि औद्योगिक क्षेत्र में माननीय मंत्री जी ने विदेशी पूंजी आकर्षित करने के प्रयास और उसमें सफलता पाने की बात की है। महोदया, विदेशी पूंजी से एक आशंका पैदा होती है। जब हम कर्जा लेते हैं तो जो कर्जा देने वाला होता है उसकी कुछ शर्तें होती है और उन शर्तों को हमें मानना पड़ता है, यह स्वाभाविक है। तो जो विदेशी पूंजी हम अपनी तरफ आकर्षित करना चाहते हैं, इस संबंध में मैं यह जानना चाहता हूं कि आप उस पूंजी को किस रूप में इस्तेमाल करना चाहते हैं? उसको शेयर पूंजी के रूप में लाना चाहते हैं या मशीन के रूप में इस्तेमाल करना चाहते है या तकनीकी रूप में लेना चाहते हैं। महोदया, एक बात पहले कही जाती थी कि हमारे देश में विदेशी तकनीक आयातित की गयी है विदेशी तकनीक आमंत्रित की गयी है। अब विदेशी पूंजी को आकर्षित करने के लिए हम लोग रास्ता खोज रहे हैं। इससे हमें फिर से पुरानी गुलामी की आशंका पैदा होती है। आपने इसमें जो लिखा है कि हम विदेशी पूंजी को आकृष्ट करने के तरीके खोज रहे है और बाद में आपने पैराग्राफ 10 के अंत में कहा कि अंतर्राष्ट्रीय समुदाय में विश्वास उत्पन्न हुआ है, वाणिज्यिक उधार के संबंध में हमारी पहुंच फिर से होने लगी है, तो इसमें कहीं इसी शर्त के कारण, इसी वजह से आपको विदेशी पूंजी आमंत्रित करनी पड़ रही है। आकर्षित करनी पड़ रही है? मेरा इस मामले में अनुरोध है और मैं जानना चाहूंगा कि हमारे देश में पैरालल एकानामी, समानान्तर अर्थ-व्यवस्था चलती है, कालेधन की, ऐसा कहा जाता है। तो क्या देश के औद्योगिक क्षेत्र में उस कालेधन को आकर्षित करने के लिए कोई योजना आपने बनायी है और अगर बनायी है तो उससे आपको कितना लाभ हो सकता है? धन्यवाद।

SHRI SHABBIR AHMAD SALARIA: Madam, It is happy news that the honourable Finance Minister's statement shows that he has said goodbye to the old theories that the welfare of the people can be achieved by State enterprise alone. Secondly, it is again a happy augury, as stated in his statement, that a great financial calamity has been averted. But the Finance Minister, whereas he has said that there is a need to rationalize our tax system, has not spelt out how he is going to rationalize it, whether it would mean more burden or whether the tax structure would be such that less of money goes to the black market. That is No. 1.

No. 2: The honourable Minister may kindly consider that there is much black money inside the country, which can come out if there is a proper tax system, tax slab, and if a bold step is taken—for instance, if black money is brought out, this will be the flat rate of taxation, whichever rate--so that the money comes to him and enters the open market.

Then, one more awareness is there, that much of our money has gone outside India because that was black money. That can come in if the honourable Finance Minister can find some ways and means whereby that money can come back to us. Moreover, one more awareness is there, that the expenditure in the Government Departments requires pruning. But the hon. Minister has not taken us into confidence to say how much of pruning has been done so far and whether he is going to make pruning in future, and if so, how. The ways have not been spelt out.

Fourthly, he has shown awareness that there are certain public sector units which are drain on the economy of the country. But, although he promised that in future such public sector units would be properly looked after so that they should not be a drain on our economy, what has been done since the hon. Minister has taken over the Ministry, has not been pointed out.

Further, it has been admitted in the statement that the rate of inflation is high and that it has to be lessened.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Please make your concluding remarks.

SHRI SHABBIR AHMAD SALARIA: I am concluding.

But in doing so, how the rates of the commodities can come down when the rate of petrol is so high and when there is scarcity of commodities in the market has not been spelt out.

[The Deputy Chairman in the Chair]

I want the hon. Minister to take these matters into consideration because these are positive suggestions which can help him, help the country and help everybody.

Thank you very much.

SHRI MANMOHAN SINGH: Madam, by way of asking for clarifications, this has been a very fruitful discussion. I thank all the hon. Members who have raised the various issues by way of asking of clarification. They have also used this occasions to offer certain suggestions. That also I greatly welcome.

It is not possible for me to answer each and every query individually. But, as I see it, there were certain trends common to most of the interventions.

One trend of thought was that we had surrendered to the IMF. There are some phrases in the document which some Members tried to read too much into. I can assure them that this document is a re-statement of the nationally approved policies. The Budget that was approved by this Parliament, the Industrial Policy which was debated extensively in both the

House of Parliament, the Trade Policy and all the intentions and statements on our Government policies, flow from the mandate given to us by Parliament of India, and what we had stated to the IMF is no more than our established policies and policy intentions.

Now, this I do want to make quite clear because certain fears were expressed. I respect, I think, those fears because we would not be worthy of the confidence that our people have reposed in us if we were to compromise with the nation's basic interests, be they economic, be they political. That is why I promise to this House that I would come before this House clean. I want the public, the Parliament and the entire thinking public of this country to get to know what it is that we have promised. I sumbit to you, Madam, and through you to this august House that we have promised to the IMF what is in our national interest. It is in our natonal interest to reduce the fiscal deficit. This is a promise which was given not only by this Government, but when Mr. Madhu Dandavate presented the Budget for 1990-91 he committed that Government to reduce the fiscal deficit to 6.5 per cent. It is unfortunate that when that year ended, the fical deficit went up to 8.5 per cent. It was in this very Parliament last year in November that Shri Yashwant Sinha committed this country to reduce the fiscal defict to 6.5 per cent in the current year, to 5 per cent next year and to 4 per cent after that.

Therefore, what we are stating in this doucment by way of commitment to reduce fiscal deficit, are commitments which we have given to this Parliament and to our people. I submit that if we do not reduce the fiscal deficit, there is no hope of curbing inflation, there is no hope of financing a viable Plan, there is no hope of having any viable anti-poverty programme. You know inflation hurts the poorest people the most. Inflation is the enemy of social justice. Root cause of this is the proliferating fiscal deficit. This is an attempt to reverse that direction.

The second thing that we have said in this document is that we are going to restructure our economy, that we are restructuring trade policy and that we have begun the process of restructuring our industrial policy. What is the purpose of all that? The purpose of all this resturucturing is to make for a more dynamic economy. When we want to have more competition in the domestic economy, when we want to have more competition from abroad by way of a more moderate tariff structure, the purpose is to encourage a more labour-oriented pattern of industrialisation. If you read the Plan document written by the previous Governments, about the 80s they complained that the industrial production had grown, but employment had not grown. You must not be surprised at that happening if you have a pattern of protection which brings in indiscriminate protection to Indian industry and which encourages excessive capital intensity. If we move to labour-intensive pattern of employment in the industrial structure that will be something which will definetely benefit the growth of employment. I would also submit...

SHRI VIREN J. SHAH: Can you give the time-frame?

SHRI MANMOHAN SINGH: It is not going to happen in one day; it is not going to happen in six days. (*Interruptions*) In the same way I would say patterns of protection are to be changed. We have to have a more moderate pattern of protection. Excessive pattern of protection from foreign

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industries has constituted a massive discrimination against rural areas. When we talk of poverty in rural areas, if we analyse these factors, when we protect something or somebody, it is at the cost of somebody. Excessive protection of industry has constituted a massive discrimination against rural areas. By reducing this protection...

SHRI A.G. KULKARNI: What about agriculture?

SHRI MANMOHAN SINGH: I am speaking of agriculture also. It is a discrimination against agriculture also. Therefore, by having a more...(*Interruptions*)

THE DEPUTY CHAIRMAN: Please don't interrupt. This is not a proper manner. I would not permit it. Let the Finance Minister make his speech. I would not like you to interrupt. I would not allow anybody. Mr Finance Minister, please continue.

SHRIMATI KAMLA SINHA: He has yielded.

THE DEPUTY CHAIRMAN: No. He does not know where to yield and where not to yield. It is for me to decide.If he keeps on yielding like this, we will have to continue till the end of the session.

SHRI MANMOHAN SINGH: Several hon. Members have raised questions about inflation. I have stated in my statement that we have some respite, but we are not satisfied with this, that we must work towards a more intensive campaign for the control of inflation. For that it is necessary to operate on several fronts. First of all, we must pursue the path of fiscal rectitude; we must ensure that fiscal deficit at the end of this year is reduced to 6.5 per cent. Secondly, we must stregthen the supply responses. I have mentioned in my statement that wherever the public distribution system can be strengthened, we should strengthen it, whereever we can sell goods from the public stocks on the market like wheat, we will sell it. If we have more free foreign exchange, we will import some of the commodities like vegetable oils.

I do not expect that we can bring about miracles on inflation overnight becuase we have been in the last couple of years experiencing an excessive over-hang of liquidity. It cannot be brought under control overnight, more so when we were forced into a situation where we had to impose such a severe import squeeze. Further more when the imports are restricted, it affects availability of good, it puts pressure on prices. We need many things of essential nature to be imported from abroad. We have been exporting wheat, we have been exporting rice and all that puts pressure on domestic prices. We have to control inflation against the background of such unusually severe adverse circumstances. Therefore, it will take time. But I am confident that if we persist with the type of strategy that we have.....

SHRI VIREN J. SHAH: What about..... (*time bell rings*)

SHRI MANMOHAN SINGH: Well, as far as the Government expenditure is concered, I have mentioned in my budget speech that this year we are going to reduce the fiscal deficit by 2 percent of the GDP, One major component of that reduction is the reduction in non-Plan expenditure. I request you to wait until I present the budget for the next year because then I will be able to give you an account where I have been able to cut expenditure and where I have not been able to cut expenditure.

Several Members have asked questions about the effects of devaluation on exports. My colleague, honourable Commerce Minister intervening in the debate has clarified the issue that we are begininng to see the positive results on exchange rates adjustment in the second quarter of this year. The dollar value of export to the general currency area has risen to 7 per cent and we expect that in

the coming months there will be a further improvement.

Some Members have asked about the amount of borrowings. "What has happened to the NRI deposits?" I had mentioned to this august House on several occasion that when we took office there was a large outflow in the non-resident Indian foreign currency deposits. That outflow had exceeded over a billion dollars in the preceding three months, April, May and June. Now this continued until November at a much ower rate. The figures that I have in June the losses were $330 million, in July it came down to $73 million and in November it came down to $42 million and by the month of December that process has stopped. Therefore, there is an element of stability in the foreign currency deposits.

Several Members asked questions about the remittances scheme, how much we have collected. The information that I have--it is not a complete information--as on the 5th December, 1991 -- we had collected over $400 million dollars by way of immunity scheme. We had collected $280 million plus Pounds 32 million under the India Development Bond scheme.

I may like to mention to this august House that we have by redeeming the gold, repaid about $600 million worth of short-term debts which we were forced to raise soon after we came into power.

Some questions have been raised about the inflation rates. I think I have answered that question on inflation rates.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Could you bring it down to 9 per cent as anticipated?

SHRI MANMOHAN SINGH: Let me say it is our hope. But I should be very honest with you that we live in a world where the future is inherently uncertain and nobody, I think, can say with hundred per cent confidence that 'X' per cent rate would be achieved. But I think if the present momentum is maintained, there is every reason to hope that that rate of growth will be achieved.

I think Shri Kulkarni mentioned that we ought to be careful about the employment effects, about the effects of small scale industries. Several hon. Members have referred to the effects of the present policy on industrial production. Let me say, I worry about those effects.

5.00 P.M.

From day one, I was saying that if the situation which our economy had got into was not reversed, you would see in this country, an amount of unemployment, an amount of decline in industrial and agricultural production which you had never seen before because when our Government took office, we had no money to import fertilisers. Out of the 12 million tonnes of fertiliser consumed, three millions are imported. These are phosphates and potassic fertilisers which are not produced in our country. Out of the 60 million tonnes of petroleum products consumed, we import about 28 million tonnes. Diesel and kerosene are essential for keeping life going in this country. They are essential for keeping the transport system of this country moving. If we had allowed the economy to drift the way it was going, we would have seen a total breakdown of the financial system, a total breakdown of the economic system and the worst ever unemployment. We inherited that situation. All that I am claiming is, not that we have solved these problems but we have taken the first step. We have succeeded in restoring a measure of international confidence though the basic problems still remain. How am I going to tackle these? As confidence has improved, as results have improved, we are now beginning the process of relaxing import restrictions. We have also begun the process of relaxing credit restrictions. Gradually and as we gain

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experience, you have my assurance, import curbs will be further relaxed, credit restrictions will be further relaxed. I worry about the effects of credit restrictions. I worry about the effects of high interest-rates. But I think I would not be a worthy Finance Minister if I say that inflation can remain as high as 14 to 15 per cent, but interest-rates can be reduced. (*Interruption*). I think I must first bring down the inflation-rate. As soon as I bring down the inflation-rate. I would bring about a reduction in interest-rates. If you say that I can begin by a decrease in interest-rates, I can assure you--from whatever lessons I have learnt in economics and public administration--it would accentuate inflation and will not bring inflation under control. Therefore, I request the House to be patient. What we have begun is a process. There are some worries of side-effects. I do admit that there are problems. I think Mr. Viren Shah has mentioned that structural adjustment is not a painless process. This country has been living beyond means for long. Now if you are going to compress consumption, somebody has to foot the bill. In this circumstance, our effort is to see that this process of adjustment is as smooth, is as painless, and is as equitable as it can be and that is why we take it for our commitment to protect the interests of the working class, to see that the burden of adjustment does not fall on the poorer sections of our community, with utmost seriousness. The National Renewal Fund will outline a safety net type of mechanism to deal with the problems of those workers who may be affected adversely by inevitable processes of technical change.

In the same way, when we are talking of fiscal correction, I think Mr. Ram Awadhesh Singh mentioned about our resolve to reduce the fiscal deficit. It is essential for us to reduce the fiscal deficit if we have to put resources in anti-poverty programmes. If we do not curb the losses in the sick public-sector units, we have no money to put in education, we have no money to put in health and we have no money to put in anti-overty programmes. And these programmes have to be strengthened 'for' India's deprived millions, 350 millions of people who live below the poverty line, need more Government intervention. Ours is not a philosophy that Government has nothing to do with the management o the economy. Strategic management concerned with poverty, concerned with inequality, concerned with soical justice, would continue to be the prime concern of our Government. What is changed is not our objective. What is changed is the instrumentality of achieving our objectives. When we talk of liberalisin our economy, when we talk of bringing in more foreign investment, we are not, in any way, giving in on self-reliance. The Prime Minister of China was here the other day. He told me that in the course of the last 12 years, China had got 5(billion dollars worth of foreign investment.

And in our country, the annual flow o direct investment does not exceed even 200 million. If China can sustain that high order of foriegn investment, then I think this country should have no fear that some increase in direct foreign investment is going to subvert our economic independence. In this country, our Government, our Parliament and our public opinion are sufficiently alert that no Government which barters the economic sovereignty of this country can survive before the wrath of the people. Therefore, I submit, Madam, that the statement that I have made is an interim statement. All that I claimed was that in the first six months that we have been in office, we have restored the international confidence in our economy, but major tasks still remain. We have, in the next few months, to ensure that fiscal corrections are in line with what we projected in the Budget. We are committed to that. We are committed to ensuring that design of reform-industrial policy reform, trade policy reform-that this design is implemented. Several Members mentioned the attitude of the

bureaucracy. Whatever comes in the way of implementation of those reforms, you have my assurance that our Government would take effective action in all those areas.

With these words, Madam, I believe I have covered most of the points that have been raised. If I have not covered any point, I apologise to Members for that. If I have missed any point that has been raised by the hon. Members, I apologise to Members for that.

DISCUSSION ON GROWING MENACE OF TERRORISM AND OTHER SUBVERSIVE ACTIVITIES ENCOURAGED BY OUTSIDE POWERS—*Contd.*

THE DEPUTY CHAIRMAN: We will take up further discussion on a matter of urgent public importance. I must inform the Member that very little time is left now. Members have taken more time than was alloted. Mr. Narayanasamy, you were speaking and you have already taken thirty minutes. (*Interruptions*)

SHRI V. NARAYANASAMY (Pondicherry): Madam fifteen minutes were taken by D.M.K. Members.

THE DEUPTY CHAIRMAN: It has been mentioned here against your name. While you were speaking, you took thirty minutes. So I have to call some other Member form some other party who has not spoken. You please take one minute and conclude.

SHRIMATI JAYANTHI NATARAJAN (Tamil Nadu): Madam, yesterday, we raised a point of order on this when the House was adjourned. Every time he said Karunanidhi, they objected. We wanted to know whether the word Karunanidhi is unparliamentary or not. (*Interruptions*)

THE DEPUTY CHAIRMAN: I am very sorry. This is not the way. We are in the midst of a very serious discussion and I do not want anybody to interrupt. I do not think Mr. Karunaidhi's name makes a part of this discussion. You please don't take his name. I won't allow anybody to take the names of those people who cannot defend themselves. Now you conclude within one minute. Mr. Narayanasamy, your party has taken 54 minutes more than the allotted time. We have to finish the debate today.

SHRI V. NARAYANASAMY: Madam, when we go through the background of terrorism, we find that it is interlinked with various militant organisations in this country. The JKLF had connections with ULFA and ULFA in turn, had connections with the Khaalistan Commando Force and the Naxalite movement in Andhra Pradesh.

Startling revelations have been made by the ULFA activists when the hide-outs of ULFA were raided by the police. In the diary that was maintained by them, training was given by the LTTE militants to ULFA activists who came to Assam for this purpose. The person who went there for the purpose of giving training was given wide publicity in newspapers.

Madam, the LTTE militants had their hideouts in Tamil Nadu and those people had links with the Naxalites in Andhra Pradesh. They supplied weaponry to those Naxalites in Andhra Pradesh. Sophisticated weapons had been smuggled by them from Tamil Nadu to Assam. The background is that the militant activities have been encouraged by the previous Governments as a result of which militant activities have been growing wherein the regional parties and ruling. This nexus has to be broken. I would request the hon. Home Minister to take serious steps to do so because they